

Fw: HASLO Comments - BOS Oct 4 Agenda - Item 18 - Affordable Housing

Ryan Hostetter

Fri 9/30/2016 12:27 PM

To: cr_board_clerk Clerk Recorder <cr_board_clerk@co.slo.ca.us>;

Cc: James Bergman <jbergman@co.slo.ca.us>; Chris Macek <cmacek@co.slo.ca.us>;

1 attachments (266 KB)

HASLO Letter - Agenda Item 18 - Affordable Housing.pdf;

Please forward the attached letter to the Board of Supervisors for next Tuesday.

Thank You!

Ryan Hostetter AICP
Supervising Planner
Housing and Economic Development
County of San Luis Obispo

From: Scott Smith <SSmith@haslo.org>
Sent: Thursday, September 29, 2016 6:17 PM
To: Ryan Hostetter; Matthew Leal
Subject: HASLO Comments - BOS Oct 4 Agenda - Item 18 - Affordable Housing

See attached.

Thank you,

Scott Smith
Executive Director
HASLO
Housing Authority of San Luis Obispo

San Luis Obispo, CA 93401

Visit our website at www.haslo.org



HASLO

www.haslo.org

The Housing Authority of the City of San Luis Obispo (HASLO) has a mission to assist the counties lower income citizens secure and maintain long-term housing.



Date: September 29, 2016

To: San Luis Obispo County Board of Supervisors

From: Scott Smith, Executive Director, HASLO (Housing Authority of San Luis Obispo)

Subject: October 4 BOS Agenda. Item 18. "Request to receive and file an update on affordable housing in San Luis Obispo County. All Districts. "

Dear Board of Supervisors:

HASLO is very pleased that the Board is holding this discussion on housing. Obviously today's discussion is very brief given the scope and complexity of the problem. Hopefully it is a springboard to future discussion and action, with emphasis on "action", ultimately reducing the disparity between average incomes and housing costs in our County. This "disparity" is commonly referred to as the "affordability gap" in our world.

HASLO provides affordable housing to about 7,000 individuals/3000 households every month in San Luis Obispo County, through housing we own, as well as through working with private landlords. We assist families in literally every community, incorporated and unincorporated, urban and rural, coastal, and north and south county. We serve an extremely broad range of households, from the most fragile homeless under the "50 NOW" Program in partnership with Transitions Mental Health Association (TMHA), to moderate income homebuyers in our Moylan Terrace development, as well as everything in between. We serve families, seniors, the disabled, and many, many special needs populations. HASLO's waiting lists are years long, and every day our staff witness the human story, the pain and suffering associated with inadequate housing amongst the families knocking on our door looking for some sort of help or guidance.

HASLO would like to provide you with a list, certainly not all inclusive, of some significant items and concepts around our housing dilemma that we hope inform your discussion as we proceed:

- 1) **We support the HBA/EVC/Chamber top recommendations** in their report: a) regulations should be streamlined, b) processing should be sped up, c) CEQA should be more predictable, and d) items that add cost should be examined and reduced wherever possible.
- 2) **We need to look at housing policy from a larger regional basis**, and coordinate strategy with all seven cities and the county. The housing market in the unincorporated communities does not work in a "vacuum". These communities are largely affected by the market conditions in their adjacent, satellite cities. Efforts should be made to strategize as a region. Otherwise Herculean efforts by the County could be significantly offset by demand and rising market conditions in these adjacent cities.

- 3) **Development Costs versus Rents and Sales Prices. There is a relationship, but not a dollar for dollar correlation between housing production costs and housing pricing:** Homes are priced and sold or rented at their market value, not at what it cost to construct. This is an important concept you need to keep in mind in your policy discussions. Reduced costs will not be passed on to buyers automatically, but only indirectly, if the market value of that home is somehow reduced through smaller size, higher density or other “affordable by design” factors. We encourage you to work with the development community to produce homes that truly meet this “affordable by design” criteria.
- 4) **“Workforce Housing” is a misnomer. Consequently the policy outcomes associated with it could fall short of expectations.** The term Workforce Housing is used frequently without most people realizing how the County formally defines it. The County defines Workforce as “families earning 160% of the area median income”. This equates to an income of \$10,000 per month for a family of four (\$122,240 annually). Most working households do not earn anywhere near the County’s definition of “Workforce”. Consequently, policies that are developed to facilitate “Workforce Housing” under the County’s definition will provide little benefit to the vast majority of real working households. In fact, with the exception of the coastal areas, the market value of homes on standard lot sizes in most unincorporated communities is already at or below 160% of area median income affordability.

The more pressing need is for housing affordable to average or **Median Income** families in San Luis Obispo County. Median Income for a family of four is \$6,400 per month, or \$76,400 annually. Median income is defined as the mid-point, meaning ½ earn more, ½ earn less. We recommend that your attention focus on housing production for families in this Median Income range. This is not to say that aggressive policies are not also needed to serve those earning below the County median income. My comment is only meant to draw your attention to the current definition of Workforce, and the marginal policy outcomes associated with such a definition.

- 5) **Housing as Vacation Rentals:** The growing use of residential units as temporary vacation rentals, AirBnB or otherwise, is having a detrimental impact on the availability and price of traditional long-term rental housing. This is true in the cities as well as unincorporated communities. The County needs to examine this issue and develop policies to protect its residential housing inventory. If conversion to such a commercial usage cannot be managed through regulation, the County might consider implementing a transient occupancy tax on such units sufficient to mitigate its negative impact on housing availability and affordability.
- 6) **Encourage build out at “Minimum Densities” - Efficient Use of Land Resources.** Frequently our discussions focus on maximum densities – “what is the greatest number of units I can build pursuant to the zoning”. However, we believe it is time to discuss the concept of Minimum Densities. We have seen a number of cases where significantly fewer units are built than

allowed by zoning. An example of this is where four high-end \$700,000 homes were built on land zoned to accommodate 15 higher density residential units. Or worse, there was a time when mini-storage was constructed by right on vacant multifamily zoned properties. We need to encourage the build out of sites at the uses and densities that they are zoned for, and the County should consider adopting a "minimum density" buildout policy on its medium and high density zoned parcels.

As a side note, the County's Housing Element obtained the mandatory State HCD certification based upon an assumption of building out per zoning densities. To do otherwise could present a certification issue when HCD reviews the next Housing Element 5 Year Plan.

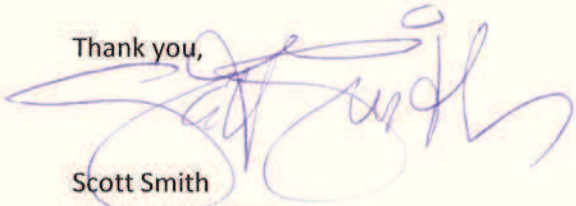
- 7) **Tiny Homes.** The County needs to consider policies which allow for "Tiny Homes", both as infill units as well as small development projects. Tiny Homes are a growing trend across the country, both for environmental as well as affordability reasons. This is a big subject, but discussion at the policy maker level needs to begin so that we can utilize this tool in San Luis Obispo County.
- 8) **Mass Transportation.** The County needs to continue to work hard with its partners to improve the frequency and convenience of public mass transportation systems between the County's residential communities such as Templeton and Nipomo, and job and service centers which are largely located in the cities. This will improve air quality, traffic congestion and overall quality of life. Since we are not providing adequate housing in the region's job centers, we need to ensure improved regional public transportation systems.
- 9) **Inclusionary Housing.** The County needs to maintain its Inclusionary Zoning ordinance. Land with residential zoning is in very scarce supply, and demand great. An Inclusionary policy is the only method to ensure that at least some of our finite land resources will benefit low and moderate income households.

Inclusionary In-Lieu Fee. The County currently allows a developer to pay an affordable housing fee in-lieu of constructing the affordable housing. If the county continues to allow this in-lieu method, it should allow the County's fee calculation formula to graduate to where it is currently supposed to be per the ordinance. The formula had a phase-in schedule due to the Great Recession, and even that phase-in schedule was frozen last year when considered. The Housing Recession in SLO County is over, as evidenced by the deluge of permit applications at all the cities and the county, and we are in the middle of another affordability crisis. We need to re-set the in-lieu fee to its intended level now.

These comments are not meant to be all inclusive. HASLO is excited that the discussion is getting started. We would like to see this Board provide initiative and leadership on the housing issue. Let's try to "think outside the box", because as our wise Albert Einstein admonished all of us, "doing the same thing over and over again, but expecting different results, is the definition of insanity." Clearly we all

have our wits about us, but nevertheless HASLO encourages you to stop and consider this bit of wisdom, and then take some bold steps toward resolving the affordable housing crisis in our County.

Thank you,



Scott Smith

Executive Director

Housing Authority of San Luis Obispo (HASLO)

Fw: Letter of Support: Workforce Housing Policy Recommendations Board of Supervisors Oct 4th Item 18

Ryan Hostetter

Fri 9/30/2016 1:42 PM

To: cr_board_clerk Clerk Recorder <cr_board_clerk@co.slo.ca.us>;

Cc: James Bergman <jbergman@co.slo.ca.us>; Chris Macek <cmacek@co.slo.ca.us>;

1 attachments (454 KB)

Workforce Housing letter to BOS.pdf;

Another letter for next Tuesday for the Board. Thank You!

Ryan Hostetter AICP
Supervising Planner
Housing and Economic Development
County of San Luis Obispo

From: Melissa James <mjames@sloevc.org>
Sent: Friday, September 30, 2016 1:06 PM
To: Trevor Keith; Ryan Hostetter; Matthew Leal; Matt Janssen
Subject: Fwd: Letter of Support: Workforce Housing Policy Recommendations

FYI

Sent from my iPhone

Begin forwarded message:

From: Kaila Anderson <sloevc@sloevc.org>
Date: September 30, 2016 at 11:39:52 AM PDT
To: "fmecham@co.slo.ca.us" <fmecham@co.slo.ca.us>, "bgibson@co.slo.ca.us" <bgibson@co.slo.ca.us>, "ahill@co.slo.ca.us" <ahill@co.slo.ca.us>, "lcompton@co.slo.ca.us" <lcompton@co.slo.ca.us>, "Debbie Arnold (darnold@co.slo.ca.us)" <darnold@co.slo.ca.us>
Cc: "dbuckshi@co.slo.ca.us" <dbuckshi@co.slo.ca.us>, "vshelby@co.slo.ca.us"

Agenda No. 18
Meeting Date: October 4, 2016
Presented By: Kaila Anderson
Rcv'd prior to the meeting & posted on the web: September 30, 2016
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9/30/2016

<vshelby@co.slo.ca.us>, "cmckee@co.slo.ca.us" <cmckee@co.slo.ca.us>, Hannah Miller
<hmilller@co.slo.ca.us>, "jbrennan@co.slo.ca.us" <jbrennan@co.slo.ca.us>,
"jcaffee@co.slo.ca.us" <jcaffee@co.slo.ca.us>, Michael Manchak
<mmanchak@sloevc.org>, Melissa James <mjames@sloevc.org>, info <info@sloevc.org>
Subject: Letter of Support: Workforce Housing Policy Recommendations

Dear Supervisors,

On behalf of the Economic Vitality Corporation of San Luis Obispo County and its Board of Directors, please find a letter in support of the workforce housing policy recommendations developed and proposed by the Economic Vitality Corporation, Home Builders Association of the Central Coast and San Luis Obispo Chamber of Commerce for your consideration.

Please feel free to contact me with any questions.

My Best,
Kaila

Kaila Anderson
Director of Marketing and Communications
Economic Vitality Corporation of San Luis Obispo County

info@sloevc.org
www.sloevc.org



Economic Vitality Corporation
of San Luis Obispo County

San Luis Obispo, CA 93401

www.sloevc.org Non-profit 501(c)(3)

September 30, 2016

County of San Luis Obispo
County Government Center, Room D-430
San Luis Obispo, CA 93408

Attn: San Luis Obispo County Board of Supervisors
Supervisor Frank Mecham, 1st District
Supervisor Bruce Gibson, 2nd District
Supervisor Adam Hill, 3rd District
Supervisor Lynn Compton, 4th District
Supervisor Debbie Arnold, 5th District

Re: Support Workforce Housing Policy Recommendations

Dear Chairperson Compton and Supervisors,

On behalf of the Economic Vitality Corporation (EVC) Board of Directors, I want to express the EVC's support for the Workforce Housing Policy recommendations developed and proposed by the Economic Vitality Corporation, the Home Builders Association of the Central Coast and San Luis Obispo Chamber of Commerce.

The EVC and our partners recognize that the workforce housing challenges facing our region are complex and there is not any one single cure. The policy recommendations seek to address the need for housing for our county's workforce through a broad range of implementable, actionable solutions that will make progress toward the larger goal of supplying much needed housing for residents throughout the County.

HOUSING CHALLENGES

Earlier this year, RealtyTrac, a national real estate firm, [released a report](#) that analyzed the home affordability index throughout the nation. This report found that ***San Luis Obispo County is the 6th most unaffordable place to live in the United States.*** The report also found that 90.4% of average weekly wages are needed to buy the median home price in SLO County.

The need for workforce housing in SLO County was identified by the Economic Strategy Steering Committee as one of the most critical issues facing our community and our regional economy. Workforce housing, as defined by the County of San Luis Obispo's Housing element is that which can be rented or purchased by those making less than 160% of the County's median family income.

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The lack of workforce housing is a major impediment to the attraction and retention of talented professionals. San Luis Obispo County's unique quality of life, environmental amenities, sense of place and community values can enable our businesses to attract and retain talented, innovative, and creative individuals (future employees).

However, lack of adequate housing for their employees oftentimes restricts their ability to recruit and retain such talent, which inhibits their ability to expand. As a result, our local economy suffers. Providing housing affordable to the workforce is a strategic imperative for local businesses and the County's economy.

SUPPORT FOR POLICY WORK/PROPOSALS

The recommended Workforce Housing solutions have been crafted over the last several months and are the result of extensive research into other communities, discussions with local stakeholders, and collaboration with multiple organizations. Each of the seven policies proposed for your consideration will help enable housing that is more affordable to the workforce. With the recognition that there is no single solution to the lack of housing, we support the entire package of policy recommendations as a comprehensive approach to this complex issue.

The challenge of finding workforce housing in our County affects the employees of all industries and therefore, we ask that you please support these recommendations in an effort to enhance the potential for much needed housing.

Thank you for your consideration.

Sincerely,



Michael E. Manchak
President & CEO

cc: Ziyad Naccasha, EVC Board Chair
Members, EVC Board of Directors
Kris Vardas, Chair, EVC Economic Strategy Project
Melissa James, Director of Economic Development, EVC

ABOUT THE EVC

The [Economic Vitality Corporation](#) (EVC) is a non-profit, economic development organization serving all of San Luis Obispo County and is a public/private partnership funded by businesses and local government. As the voice of the countywide business community, the EVC has active involvement from senior leadership in every private industry sector and public jurisdiction within the County and partnerships with the surrounding counties. The EVC's mission is to stimulate the economic vitality of the County, generate jobs, increase investment in the community and promote the start-up, growth and attraction of businesses.

Economic Vitality Corporation Board of Directors 2016-2017

NOTE: The following only includes voting Board members, but does not include all Board members.

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Partner, Carmel & Naccasha

Henry Dubroff
Chairman & Editor
Pacific Coast Business Times

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Director, Strategic Initiatives
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Mike Silacci
Regional Vice President
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Tim Mahoney
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Tim Williams
Founder & CEO, Digital West

Noreen Martin
President & CEO, Martin Resorts